

***Governor Kathleen Babineaux Blanco***  
***2005 Legislative Accomplishments***  
*June 23, 2005*

**Supporting Our Citizen Soldiers and Their Families**

**Supporting our military families with a new Military Support Fund** (SB 216, Sen. Dupre and Rep. Cazayoux). Louisiana will allow taxpayers to check a box on their state tax returns to donate to a support fund for soldiers and their families. Governor Blanco believes we must ease the burden carried by our citizen soldiers and their families.

The bill creates a Louisiana Military Family Assistance Fund to receive collections from donations for the fund through a check-off on individual and business income tax returns and sales and use tax returns.

This bill allows family members (spouse, children, parents and siblings) of activated military personnel to apply for assistance for necessary expenses causing undue hardship. It is designed as a fund of last resort for families of activated military personnel. It is to assist with necessary expenses when no other public or private funds are available.

**Extending college education benefits to our citizen soldiers who re-enlist** (HB 775, Rep. Barrow and Sen. Dupre). Governor Blanco supported legislation that extends the current state education benefits to soldiers who re-enlist in the Louisiana National Guard.

The legislation expands current educational benefits for members of the Louisiana National Guard to include graduate and professional schools. It will allow a soldier whose education was interrupted by deployment to continue the benefit while in inactive National Guard status. It also provides additional educational benefits for a six-year re-enlistment in the Louisiana National Guard.

This new benefit of tuition exemption (or partial tuition exemption for professional schools) may be claimed for up to four separate academic years or until the receipt of a degree at the associate, baccalaureate, masters or professional degree level.

**Creating Jobs, Building a Stronger Economy**

**Attracting and retaining corporate headquarters in Louisiana** (HB 679, Rep. Hammett and Sen. Mount). We are restructuring Louisiana's tax code to encourage businesses to locate their headquarters within our borders and to retain existing Louisiana headquarters. Before this legislation, the tax structure penalized companies for their investment in Louisiana and caused double taxation of companies headquartered in our state by taxing non-business income differently than other states. Non-business income consists of income from interest, dividends, and capital gains.

By eliminating taxation on interest and dividends, and getting in line with other states to apportion income from capital gains, Governor Blanco is making Louisiana a friendlier place for company headquarters and the high-paying jobs associated with them. This change in law also addresses the apportionment formula for certain multi-state companies' corporate income tax by proposing a sales factor only apportionment formula. This provision makes Louisiana proactive, instead of reactive, in corporate income tax reform. We are sending a resounding message that Louisiana supports its companies with substantial and meaningful corporate tax policies.

**Created an angel investment incentive by allowing tax credits during the early stages of investment** (HB 627, Rep. Hammett and Sen. Mount). At Governor Blanco's urging, the Legislature created an angel investment incentive by allowing tax credits during the early stages of investment. Louisiana will become more aggressive about encouraging entrepreneurial early stage investments by wealthy Louisianans into homegrown Louisiana companies, specifically high growth start up companies.

This proposal allows an accredited investor to receive a 50% tax credit divided into portions of 10% over five years on his or her income or corporation franchise tax liability owed to the state for early-stage investments into Louisiana Entrepreneurial Businesses.

Louisiana has many wealthy citizens who are investing in out-of-state companies. It is time to bring their investments back home to Louisiana and to our local entrepreneurs. This proposal offers Louisiana an opportunity to show our homegrown entrepreneurs that we support, encourage, and want to harness their investment and growth within our state.

**Encouraged retention and modernization of existing Louisiana companies with industry assistance and tax equalization** (HB 795, Rep. Hammett and Sen. Mount). If a company is planning to leave, or is in desperate need to modernize its equipment, the state previously had no "tool" to work with, other than infrastructure dollars. This change will help us retain and provide much-needed help to those companies who are already a vital part of our economy.

**Kept our promise to Union Tank Car, providing tax incentives for rail rolling stock manufacture and repair** (HB 78, Rep. Lafleur and Sen. Hines). This bill stemmed from an agreement with Union Tank Car, during our negotiations with the company in 2004. As part of the agreement, the state agreed to exempt sales and use taxes on the repair of rail rolling stock. This proposal will not only benefit Union Tank Car, it will also benefit their customers, especially companies in Louisiana, including industries such as petrochemicals, who currently send their rail cars needing repairs to other states. It will mean increased business for the Union Tank Car facility in Ville Platte, but will also increase activity at other rail rolling stock repair and manufacturing facilities in Louisiana.

**Making Louisiana more competitive with other states** (HB 462, Rep. Hammett and Sen. Michot). Governor Blanco is working hard to position Louisiana to be competitive with other states in the effort to recruit major manufacturers in such fields as auto or aircraft manufacturing. The Major Projects Authority legislation strengthens Louisiana's commitment to have the best possible resources in our efforts to actively participate in a highly competitive economic

development environment. The previous threshold for capital investment was too high. This law lowers it so that Louisiana can fully take advantage of mega projects opportunities.

**Formalizing Louisiana's Rapid Response Fund (HB 460, Rep. Alario and Sen. Heitmeier).**

This bill formally establishes the Rapid Response Fund for the purposes of economic development. The fund will retain an encumbered balance of \$10 million, and any balances from one year will remain in the fund for subsequent years. By formally creating a fund for the purpose of economic development, the process of securing deals is made more efficient and builds up long-term capabilities of the Department of Economic Development. This fund helps the state of Louisiana compete with neighboring states that have large deal-closing funds, such as Texas's \$295 million fund and Arkansas's ability to do economic development bonds of up to \$500 million. Louisiana's capabilities to respond quickly and efficiently when deals present themselves is imperative to effectively competing with other states. Formally establishing a Rapid Response Fund will allow Louisiana to do this. This tool is needed in order to successfully secure the creation or retention of jobs.

**Encouraging the development of our film industry (HB 731, Hammett and Sen. Mount).** Our film incentives are a success. With this legislation, we have encouraged the formation of a permanent industry in Louisiana. The film industry creates thousands of *new* high-paying job opportunities to Louisiana citizens, and we must continue to support this type of investment in our state, while focusing on fiscally responsible ways to ensure the program's success.

This bill focuses on in-state investment, encourages Louisiana-based infrastructure, and proposes an optional credit that can be refundable by the state at a discounted value. This legislation makes the program easier to use by and just as valuable for producers and cheaper for the taxpayers.

**Encouraged the video game industry in Louisiana (SB 341, Sen. Duplessis and Rep. Scalise).** Led by private industry representatives and economic developers from New Orleans, Baton Rouge, and Lafayette, Governor Blanco supported an act to encourage the development of a video game industry in Louisiana. Under this legislation, video game developers will earn a 20% tax credit against their expenditures in Louisiana in return for a commitment to establishing a presence in Louisiana for the long term, as well as developing relationships with Louisiana universities.

**Encouraged the sound recording industry in Louisiana (HB 631, Rep. Karen Carter and Sen. Michot).** The Sound Recording Investor Tax Credits act creates an incentive similar to the film program to attract major record companies to record at Louisiana studios. Currently, Louisiana has about \$2 million annually spent on sound recording. Because of the natural strength of Louisiana's heritage as a music hub, this incentive is aimed at creating a more significant, permanent recording industry presence akin to Nashville or other similar music hot spots. The incentive creates a refundable 10, 15, or 20% tax credit for recording projects or infrastructure, with an annual cap on program costs and a maximum period of usage per company.

**Finding solutions to Louisiana's lack of access to capital (HCR 210, Rep. Pinac).** There is a great need to increase the amount of capital investment available to Louisiana businesses.

Louisiana's entrepreneurs lack access to early stage venture capital, and this access is critical to the development of the entrepreneurial climate in Louisiana. Governor Blanco, with input and support from the venture capital and business communities, has successfully passed HCR 210, which encourages and urges the legislature to determine what programs the state should implement to encourage and assist the capital investment in Louisiana businesses.

**Supporting Research and Development in Louisiana** (HB 684, Rep. Hammett and Sen. Mount). Louisiana once led the nation in industry performed research (during the oil boom years), but now lags the entire nation in industry-performed research and development. By increasing the current tax credit for research and development to a 20% credit for small businesses (those employing 500 or fewer employees) and extending the sunset on the current 8% credit for large businesses (over 500 employees), Governor Blanco is showing her dedication to economic development in Louisiana. Through the adoption of HB 684, the Legislature has shown its support of Governor Blanco's efforts, as she leads the state in creating a culture of innovation.

## **Creating a Better, More Efficient Health Care System**

**Encouraging local solutions to help Louisiana's uninsured families** (SB 270, Rep. Durand and Sen. McPherson). More than 850,000 working people in Louisiana have no health insurance. Governor Blanco believes we must do something about this problem that strains the state's health care budget and causes turmoil for too many families.

Governor Blanco knows that local solutions are the best solutions to health care problems. That's why she worked to give the Department of Health and Hospitals the authority to seek federal approval to allow communities to leverage their local funds for federal match. Local communities would then invest those funds in local solutions to their particular health care problems. This will be a first for Louisiana. This is about empowering communities to plan, fund and control their destiny.

The purpose of this demonstration waiver will be to improve the delivery of health care services to uninsured citizens of Louisiana, and to increase the number of individuals with comprehensive health care coverage through the use of DSH funds. This will be accomplished through regional cooperation.

The funding pool will be used to: expand the availability of primary and preventive care; provide health insurance coverage to the uninsured; meet the state's disease management goals; and enhance the existing use of DSH funds.

**Helping hospitals provide medical care for the uninsured** (HB 887, Rep. Durand and Sen. McPherson). Governor Blanco supported an innovative proposal to begin reforming our health care system for 850,000 working individuals without health insurance. For years we have been discussing the need to pay community hospitals for caring for the working poor in their first-class medical facilities. Now we have finally taken a strong step in that direction.

The Legislature approved a modest hospital provider fee, first proposed and strongly supported by the Louisiana Hospital Association. The Louisiana Healthcare Affordability Act will generate additional federal matching dollars to allow us to provide care for many uninsured citizens.

Right now, those of us who pay for our own health care also pay for those citizens who don't have insurance. This legislation will help reform our indigent care system by drawing down federal funds to help us reimburse community hospitals for the care they provide uninsured patients, thereby reducing the current practice of shifting costs to those with health care coverage. The law prohibits hospitals from passing the fee along to their patients.

**Insuring the safe delivery of health care to the elderly and disabled** (HB 697, Rep. Guillory and Sen. Jackson). Louisiana's elderly and citizens with disabilities have demonstrated their desire to remain active members of the community. Blanco believes we must insure the safe delivery of health care services to those choosing to remain in their homes and in the community. This new law permits trained direct support workers in limited settings to safely perform selected health care tasks with oversight and training by a registered nurse.

- The current shortage of certain health care professionals prevents many aging and individuals with disabilities from receiving basic, medically necessary care. This type of assistance is often hard to obtain, especially in rural areas where there are shortages of medical practitioners, including nurses.
- This legislation provides that registered nurses train these workers on the specific condition of EACH patient, their medication needs, etc. Depending upon the condition of the patient, the RN will review periodically the patient's health care status.

**Protecting seniors and the disabled in home and community-based settings** (SB 271, Sen. McPherson and Rep. Walker). This legislation addresses concerns about patient safety in developing options for home and community care. The registry will include confirmation of required training and completion of a background check. It is designed to prevent the hiring of workers who have been convicted of abuse, neglect or exploitation or for whom DHH has investigated and substantiated charges. The registry will be accessible by consumers and providers.

**Improving the health of our children by requiring healthy vending in schools** (SB 146, Sen. Bajoie and Rep. Durand). Childhood obesity is reaching epidemic proportions, as 1 in 3 Louisiana youth are overweight. SB 146 by Senator Bajoie enacts one of the most stringent public school vending policies in the nation. The Act requires that public elementary and middle schools sell only healthy snacks and beverages in vending machines, stores and concession stands. It requires that at least half of the snack and beverage options in high schools be healthy. Our students will now be able to develop the eating habits that build the base for a lifetime of good health.

## **Creating a Better Education System for Every Louisiana Child**

### **Providing quality pre-k education to almost every at-risk four-year-old.** (HB 1, Rep. Alario)

To give our kids a smart start, Governor Blanco persuaded the Legislature to invest another \$20 million in LA-4, our nationally acclaimed pre-K program for at-risk pre-schoolers.

Last year, the Governor and the Legislature maintained funding for LA-4. This year, she expanded the program. This additional investment in school readiness will allow us to include another 4,000 preschoolers in the program. The additional funds will provide nearly every at-risk four-year-old in Louisiana the opportunity to participate in a quality early care and learning program. Study after study shows reaching and teaching children early equals success in school and later in life.

**Improving our high schools to meet the requirements of universities and the needs of business** (HB 434, Rep. Crane and Sens. Ullo and Nevers). This effort will allow us to increase the number of students *dropping in* to postsecondary education programs and decrease the numbers who are *dropping out* of high schools.

High school redesign will require all high schools to create rigorous academic and career pathways to keep their students enrolled and earning Work Ready Certificates, and/or Industry Based Certifications, and High School diplomas.

This legislation places the High School Redesign Commission into statute and charges the commission to focus on the following when developing statewide policies and guiding principles:

- Dual enrollment;
- Secondary and postsecondary alignment;
- Integrating WorkKeys into high school preparation programs;
- Increasing rigor across the high school curriculum;
- Reducing high school dropouts rates; and
- Addressing the wasted senior year.

**Giving high school students a head start on technical education** (SB 355, Sen. Ullo and Rep. Crane). The TOPS Tech *Early Start* Award is a pilot program that allows eligible high school students to complete their high school diploma and dually earn credits in a technical program that will count towards a recognized industry-based credential, resulting in more productive use of the high school junior and senior years. Because this program prepares students with recognized, industry-validated credentials for entry into top demand, occupationally-specific careers, it will yield a work-ready labor force. The TOPS Tech *Early Start* Award compliments the Governor's High School Redesign efforts as a critical piece in education reform. The Governor supported allocating \$1 million in state general funds to support this award.

**Helped local school boards with retirement and health care costs.** (HB 842, Reps. Alario and Triche) Many of our local school systems have been shouldered with increasing high retirement and health care costs. Many have dipped deeply into their fund balances, leaving the

school districts in danger not having sufficient funds to cover the most basic necessary services. In fact, 28 of 68 systems will have a zero fund balance as of July 1, 2006. Of these 28 systems 19 of them do not have the resources to cover the 05-06 projected increased retirement and healthcare costs. This one-time infusion of \$20 million will help the local school systems cover their projected shortfall in retirement costs.

**\$10 million in additional funding for classroom technology schools.** (HB 842, Reps. Alario and Triche) Over the past several years, Louisiana has made great strides in bringing technology into state classrooms, preparing teachers to use technology in instruction, reducing its ratio of students per high-end computer from 88:1 in 1996 to 4.9:1 in 2004. We are working toward the national goal of providing technology-rich learning environments for all students. Though these numbers are improving, this supplemental appropriation will assist in reaching our goal of improving our ranking and increasing the technology skills of Louisiana's students.

**\$10 million for university libraries.** (HB 842, Reps. Alario and Triche) These additional funds for the Board of Regents will assist Louisiana's colleges and universities in the acquisition of library, instructional and scientific equipment.

### **Saving America's Wetlands and Protecting Our Environment**

**Dedicated funding to Louisiana's coastal restoration efforts** (SB 187, SB 195 Sen. Dupre and Rep. Pierre). Louisiana provides the nation with much of its offshore oil and gas supply and plays a key role in this country's economic and energy security. Louisiana is proud to contribute to the energy needs of this great nation. There are costs, however, that go along with the national benefits we provide. These are costs too great for any one state to bear alone -- costs to our environment and costs to maintain onshore infrastructure that supports offshore energy activities.

Sharing federal Outer Continental Shelf oil and gas revenues with producing states like Louisiana is the obvious and appropriate way to provide the steady stream of revenue needed to mitigate the effects of this production. In Louisiana's case, stemming an annual loss of coastal wetlands at the rate of 24 square miles a year requires the kind of steady, dependability only this type of revenue sharing would provide.

In the same way states receive royalties from drilling on federal land within their borders, Louisiana believes it should receive a portion of the royalties derived from drilling in federal waters off its coast. Drilling off Louisiana's coast has been generating an average of \$5 billion each year for the Federal treasury -- and Louisiana gets almost none of those revenues. Other states receive 50 percent of all royalties derived from drilling on Federal lands within their borders.

In an effort to bring attention to this issue and to send a message that Louisiana is committed to restoring its coastline, the Legislature approved a proposed constitutional amendment by Governor Blanco calling for any new federal funding derived from drilling on the outer continental shelf to be exclusively dedicated to the state's coastal restoration efforts.

**Imposed stronger penalties for wastewater discharge violations** (SB 188, Sen. Fontenot and Rep. Damico). Under this law, supported by Governor Blanco, willful and knowing violations and false statements associated with the permitting and operation of wastewater discharge facilities will no longer be misdemeanors, but felonies.

Designation as a felony will allow for harsher penalties, provide for the recovery of the costs of investigation and prosecution, will make prosecutions of these crimes by district attorneys more cost effective, and will provide a greater deterrent to those who willfully and knowingly violate Louisiana's environmental laws.

## **Creating a Better Managed, More Efficient Government**

**Saving taxpayer dollars by streamlining state purchasing of supplies, services and equipment** (HB 432, Rep. Alario and Sen. Heitmeier). In order for Louisiana's government to operate more efficiently, the state must be able to publish requests for proposals (RFP) for bulk purchases of supplies, services and equipment. Prior to this new law, state government could only enter into these agreements for information technology equipment and complex services.

By broadening this scope, state government can now streamline purchasing so that Louisiana gets the best price for more goods and services. We will target the areas of greatest volume, so that we can see major cost savings. This legislation puts Louisiana on equal footing with the majority of states.

**Protecting local governments from excessive legal judgments** (HB 247, Rep. Johns and Sen. Kostelka). At Governor Blanco's urging, the Legislature restored the general liability cap to state and local government to the original intent of the Legislature by reversing the Lockett case. The original intent was that general damages be limited to \$500,000 per injured victim rather than \$500,000 per plaintiff. This cap will not only protect localities from unaffordable judgments, but it will also assure that injured victims are given just compensation.

**Established more efficient collection of fuel taxes** (HB 599, Rep. Hammett and Sen. Murray). The Legislature approved Governor Blanco's legislation to move the collection of motor fuel taxes on gasoline and special fuels to the fuel terminals. Collecting the tax at the terminal is more efficient and will decrease opportunities for tax avoidance. This legislation will not raise taxes. By reducing fraud and inefficiency in the system, the state should collect an additional \$15-20 million per year that will go into the Transportation Trust Fund and will be used to improve our infrastructure.

## **Improving Public Safety and Transportation**

**Made railroad crossings safer** (SB 207, Sen. Lentini and Rep. Quezaire). Louisiana has more railroad crossings than almost any state in the nation. This high number of railroad crossings demands that we give special attention to ensuring the safety of crossings. While driver education and awareness is crucial to limiting fatal accidents at these crossings, the state, the parishes and municipalities all must work together to improve the safety at those railroad crossings that have inadequate warnings.



A new law proposed by Governor Blanco requires a local municipality to either close a dangerous railroad crossing or install a mechanical crossing guard when directed to do so by the Department of Transportation and Development.

**Investing in the completion of I-49** (HB 654, Rep. Montgomery and Sen. Jackson). This legislation authorizes the use of up to \$15 million annually in unclaimed property by the Louisiana Transportation Authority (LTA) to pay the principal and interest on unclaimed property bonds that they can use to match federal funding for I-49 North and South projects.

### **Caring for Children, Solutions to Poverty**

**Expanding the Child Care Tax Credit** (SB 59, Sen. Duplessis and Rep. Marchand). Current law creates a refundable credit for child care expenses incurred by certain low-income individuals but limits eligibility for the credit to those who claim the federal credit for child care. Many lower income citizens do not owe federal income tax and do not claim the federal credit or have an income tax liability, which limits the amount of the federal credit that can be claimed. If no federal credit is claimed, the individual is not eligible to receive the Louisiana credit. If the federal credit is limited, the Louisiana credit is limited.

SB 59 authorizes Louisiana families to claim a state income tax credit for child care expenses without regard to whether the resident taxpayer claims a federal credit for the expenses. The legislation incorporates a two-year phase-in of the child care tax credit for taxpayers whose federal adjusted gross income is equal to or less than \$25,000. The credit is equal to: 25% of the unreduced federal credit in tax year 2006 and 50% of the unreduced federal credit in tax year 2007 and thereafter.

**Providing more effective services for at-risk children** (HB 431, Rep. Lancaster and Sen. Broome). At-risk children often need assistance from more than one state department or more than one division within departments. Navigating bureaucracy can be difficult and frustrating for children and families. Additionally, services provided without comprehensive data are not proven to have successful outcomes.

Sharing information within government agencies is critical in order to provide seamless integrated services to children and to ensure the comprehensive approach mandated by juvenile justice reform – including early intervention, diversion, treatment, and rehabilitation. Sharing data will enable agencies to improve program efficiency, find intended beneficiaries, evaluate program performance, identify trends in service needs, and target funding toward early intervention and community-based efforts.

The new law, proposed by Governor Blanco, will eliminate state barriers to information sharing across the four primary child-serving agencies – Education, Social Services, Youth Services, and Health and Hospitals; provide for the maintenance of confidentiality; and establish a central repository of data for planning and evaluation.

**Closing the gaps in health insurance coverage for Louisiana children** (HB 203, Rep. Faucheux and Sen. McPherson). Children that lose Louisiana Children's Health Insurance Program (LaCHIP) coverage as a result of family income growth have historically been prohibited from joining their parents' private coverage until the regular annual enrollment period. Such a delay leaves the children uninsured and subjects them to preexisting condition checks when joining the parental plan. This legislation requires private insurers to offer the family a special, 30-day enrollment period upon the loss of LaCHIP coverage, preventing the children from becoming uninsured.

**Creating jobs in impoverished rural and urban areas** (HB786, Rep. Salter and Sen. Adley). This legislation will provide incentives to Community Development Financial Institutions (CDFI) to make loans to new and expanding businesses in certain census tracts. These impoverished areas inadequate financial resources and this legislation gives entrepreneurs in those areas access to capital to help create jobs and wealth in areas that need it most.

**Developing a strategic plan to fight poverty** (SB 266, Sen. Jones). The 2004 Governor's Summit on Solutions to Poverty was a first for the State of Louisiana. At the Summit, Governor Blanco issued a call to action to end poverty in Louisiana. Building on the values of quality jobs, strong schools, a better health care system, and public-private partnerships, the Governor called upon all Louisianans to listen to one another and work together to develop measurable and effective solutions to poverty.

This legislation call for the development of a Strategic Plan to Combat Poverty by various state agencies such as the Department of Economic Development, Department of Insurance, Department of Labor, Department of Revenue, Louisiana Student Financial Assistance Commission and the Office of State Financial Assistance, and Louisiana Workforce Commission.

**Helping working families by expanding access to the Earned Income Tax Credit** (SB 57, Sen. Duplessis). The federal Earned Income Tax Credit (EITC) can be a great benefit for workers who don't make much money. This tax break returns to qualified individuals a portion of the taxes they paid. It even can produce a tax refund for eligible filers who had no tax liability.

But there is a drawback to the credit. It is rather complicated, and since eligible taxpayers usually don't have much cash to spare, they generally cannot afford professional help in filing for it.

This law would require employers of twenty or more full-time or part-time employees to provide all new employees with information on the EITC and the Advance Earned Income Credit.